

Preferred Practices for Organizational Credibility (Version 1)

What makes a credible ecolabel?

As interest in sustainability continues to grow, people want easy ways to identify an environmentally preferable product. The past decade has witnessed a dramatic increase in the number of ecolabels and environmental claims on both consumer and commercial products, and buyers want assurance that these ecolabels and claims are credible, and are not “greenwashing.” Practitioners who evaluate the credibility of ecolabels often look at the three key aspects:

- Does the organization issuing a claim or ecolabel follow preferred practices in terms of its management, governance, and operations?
- How well does the ecolabel’s underlying standard define and ultimately lead to improvement for the important sustainability issues?
- How well does the market recognize the ecolabel?

This document addresses the first item – the preferred practices related to the organizations involved in ecolabels and environmental marketing claims. Note that the focus is just on the organizational practices related to making credible environmental marketing claims; we did not attempt to define organizational preferred practices for general sustainability performance, environmental or safety operating practices, etc.

The Organizational Credibility Workgroup began by defining current marketplace practices in ecolabeling and environmental claims. As we surveyed the ecolabel landscape, we found a myriad of guidance and information– at varying levels of complexity and technical depth, and written for audiences ranging from the interested consumer to the highly informed expert. The need for a synthesis of the current use of ecolabels by different stakeholders became apparent, and we sought to summarize key stakeholder’s interest in ecolabels credibility in one document. One of the goals in doing so was to understand where there may be gaps in information, guidance, or best practice to draw upon. We drew heavily on existing references, such as the ISO 14020-series of standards that address ecolabels and environmental claims, and the good work done elsewhere over the past two decades by other individuals and organizations, such as ISEAL’s Code of Good Practices. Implicit in a discussion of preferred practices is that organizations comply with all regulatory requirements related to environmental claims, and that this document will be updated in the future as more experience is gained.

The document is intended to help inform anyone who is attempting to evaluate “what is a credible ecolabel”. The document should be helpful for entities involved in making, interpreting, using, or substantiating environmental claims on products. These entities include, for example, product manufacturers, retailers, consumers, institutional and commercial buyers, developers of environmental product standards, eco-label issuers, certifiers, dispute resolution entity, federal government, accreditation bodies, other interested stakeholders, and an authoritative or coordinating entity. We expect that the information below would also be used in conjunction with the FTC’s Guidelines for Environmental Marketing Claims.

Several clarifying notes are important to remember when using this table:

- The term “product” includes both “product and services”.
- The term “environmental claims” includes both environmental and health aspects of a product’s performance.
- The ISO 14020-series standards include ISO 14020, 14021, 14024, and 14025.
- Consumers as an entity is not included below because consumers do not have “best practices” – the purpose of this document is to ensure best practices are followed for the benefit of consumers.

1. Product Manufacturers

- Self-declared environmental claims conform to ISO 14021 practices
- Environmental Product Declarations conform to ISO 14025 practices.
- When electing to use a third party ecolabel, product manufacturers contract with those eco-labeling programs that meet the criteria set forth in section 5 and 6 of this document.
- Environmental claims and endorsements conform to the relevant FTC Green Claims Guides where products are sold,
- Environmental claims are substantiated and made publicly and readily available. If the information needed to substantiate the claim includes confidential business information, then the data supporting the claim can be verified or certified by a third party to maintain confidentiality. If the manufacturer uses self-declared environmental claims, detailed documentation sufficient to substantiate the claim is publicly available upon request.
- Measures, monitors, and evaluates the product’s environmental performance and works to continuously improve the environmental and safety performance of the product.

2. Retailers

- Have an environmental purchasing policy that includes a system to recognize legitimate and meaningful environmental claims on products communicated in accordance with ISO 14020-series standards and FTC guidelines.
- Procure products that are evaluated for effectiveness and that continually improve their environmental performance.
- Make environmental claims in accordance with relevant FTC Green Claims Guides and ISO 14020-series standards.
- Environmental claims are substantiated. If the information needed to substantiate the claim includes confidential business information, then the data supporting the claim is third party verified or certified. Documentation sufficient to substantiate the claim is made readily available.
- Request environmental data from suppliers in a standardized way, consistent with globally accepted environmental metrics and reporting practices.

3. Institutional and Commercial Buyers

- Procure products that have environmental claims communicated in accordance with ISO 14020-series standards and FTC guidelines
- Have an environmental purchasing policy that addresses the environmental performance of products purchased in large dollar volume, and that have the greatest environmental impact.
- Procure products that are evaluated for effectiveness and environmental performance. Have a process to recognize legitimate and meaningful environmental claims and work toward sourcing products that aim for continuous environmental improvement
- Have access to a product rating system that identifies important product attributes that reduce environmental impacts of concern.
- Request environmental data from suppliers in standardized way, consistent with globally accepted metrics and environmental reporting practices.
- Work with facility managers, product users, and product specifiers (such as architects and engineers) to incorporate environmentally preferable products into the design of systems.

4. Developers of Environmental Product Standards

- Meet the **standards development process** requirements found in ISO 14024¹, ANSI Essential Requirements², and/or ISEAL Codes of Good Practice³. These requirements include: (1) openness, (2) balance of interests, (3) lack of dominance, (4) coordination and harmonization with other standards efforts, (5) notification of standards development, (6) consideration of views and objections, (7) consensus orientation, (8) appeals process, (9) transparency, and (10) avoidance of conflict of interest.
- Consider life cycle environmental impacts and follow accepted protocols for the **content of standards** outlined in ISO 14024⁴, ISO Guide 64⁵, and ISO 14021⁶. This includes: (1) selectivity (ensuring the criteria are not too weak and meaningfully differentiate products), (2) basic criteria (ensuring the criteria are not too aggressive), (3) product function characteristics (ensuring the product actually works), (4) compliance and verification (verifiable criteria), (5) scientific basis of product environmental criteria, (6) coverage of at least one major environ-

¹ISO 14024; First edition 1999-04-01; *Environmental labels and declarations — Type I environmental labeling — Principles and procedures*. It can be found at http://www.iso.org/iso/catalogue_detail.htm?csnumber=23145

²*ANSI Essential Requirements: Due process requirements for American National Standards Edition*: January 2010. This publication can be found at <http://publicaa.ansi.org/sites/apdl/Documents/Standards%20Activities/American%20National%20Standards/Procedures,%20Guides,%20and%20Forms/2010%20ANSI%20Essential%20Requirements%20and%20Related/2010%20ANSI%20Essential%20Requirements.pdf>

³*ISEAL Code of Good Practice for Setting Social and Environmental Standards P005 – Version 5.01 – April, 2010*. See http://www.isealliance.org/sites/default/files/P005%20ISEAL%20Std-Setting%20Code%20v5.01%20Apr10_0.pdf

⁴ISO 14024; First edition 1999-04-01; *Environmental labels and declarations — Type I environmental labeling — Principles and procedures*. It can be found at http://www.iso.org/iso/catalogue_detail.htm?csnumber=23145

⁵*ISO GUIDE 64: Guide for addressing environmental issues in product standards*; Second edition 2008. This publication can be found at http://www.iso.org/iso/catalogue_detail.htm?csnumber=41352

⁶*ISO 14021:1999 Environmental labels and declarations -- Self-declared environmental claims (Type II environmental labelling)*. This publication can be found at http://www.iso.org/iso/catalogue_detail.htm?csnumber=23146

mental/public health hot spot, (7) ensure the coverage of one environmental/public health hot spot does not come at the expense of another major environmental/ public health hot spot.

- Are transparent about the content of standard itself (i.e., it is readily available in the public domain), the standard setting process, and the source of funding for facilitating the development of the standard.
- Avoid developing new standards that are duplicative unless there is a compelling need, and collaborate with other standard setting organizations who are developing similar standards to avoid this duplication.
- Seek continuous improvement in environmental performance and monitor, evaluate, and publicly report on the effectiveness of the standard in reducing environmental impacts.
- Interoperability & Harmonization: Work with other standard developers and certifiers to harmonize, where appropriate, with other standards and adopt common metrics, indicators and reporting frameworks, so that the programs can be compared and assessed.
- Use verifiers and certifiers that adhere to good practices such as objectivity and avoidance of conflict of interest, consistency, transparency, and assurance of auditor competence.
- Specify and control (e.g., through self-certification, third-party certification or other licensing mechanisms) the way logos and claims may be used.
- Use a market surveillance system to monitor compliance with standards in the media, on the Internet, and in the marketplace. Have internal complaint resolution mechanisms in standards setting and verification systems to address complaints or challenges against any given system, operation, or product.
- Participate in a system that makes it fast and easy for institutional buyers to recognize the credibility and legitimacy of their standards.⁷
- Are compliant with ISO Guide 59 and Annex 3 of WTO regarding Technical Barriers to Trade.
- Take leadership in surmounting the challenges encountered by SDO's in the development of environmental standards within the traditional world of industrial and product standards.

5. Eco-label Issuers

Mission and principles of the eco-labeling program are stated on the website, and describe the extent to which the program is designed to educate consumers and/or improve the environmental performance of products.

- Disclose all financial, antitrust, or other significant conflicts of interest with other entities that may be involved in certification, accreditation, standards development, or endorsement.
- Standards meet the preferred practices for Developers of Environmental Product Standards in this document.
- Standards fulfill reasonable consumer, institutional buyer and stakeholder expectations generated by the program's communications (e.g., if the name of the label implies that qualifying products are holistically green then the standard used by the labeling program must meaningfully address all environmental/public health hot spots).
- Standards are periodically reviewed (no less than every five years) and revised to meet the guidelines for Developers of Environmental Product Standards in this document.

⁷An example of this could be a system allowing standards meeting these preferred practice guidelines to use a mark distinguishing them from standards that do not meet preferred practices; this mark could be the environmental equivalent of the "©" symbol for copyright or the "™" symbol for trademark.

- Communications meet FTC Guides for the Use of Environmental Claims, are truthful and evidence based (including critiques of competing eco labels and standards)
- The eco-labeling program participates in a system consistent with the preferred practices for Developers of Environmental Product Standards in this document.⁸
- Verification and surveillance systems meet the preferred practices for Developers of Environmental Product Standards in this document.
- Verifications system has effective traceability or chain-of-custody procedures where this is necessary to ensure qualified products meet the standard
- Periodically conducts program performance measurement and program evaluation consistent with the preferred practices for Developers of Environmental Product Standards in this document
- The following are easily found on the program's website: program's mission and governing principles; standards; method used to verify products meet the standard; method used to ensure the label is used only in association with products meeting the standard; the list of manufacturers, retailers and other organizations participating in the program; partner agreements; list of qualifying products; costs, and program performance measurement and evaluation reports.

6. Certifiers

- Establish criteria for auditors that require ISO 19011 or equivalent, and means of evaluating auditors to these requirements.
- Certify to publicly available standards.
- Certifier of record is publicly available.
- Are accredited or otherwise evaluated to be compliant with ISO 65, 17021⁹, or equivalent.
- Cooperate with standards setting organizations to develop monitoring and reporting of operator performance along a common set of indicators and under a common framework so that programs can be assessed over time
- Employ a market surveillance system to monitor compliance with standards
- Have internal dispute resolution mechanisms. The standard setting and verification system is designed to address complaints or challenges against any given system, operation, or product that is being certified.

7. Federal Government

- Requires all federal purchasing to recognize standards from organizations, ecolabelers and certifiers that meet these preferred practices.
- Guide businesses and consumer to legitimate standards and ecolabels.

⁸This could be a system allowing eco-labeling programs meeting these guidelines to use a mark to distinguish them from eco-labels that do not meet preferred practices; for example, this mark could be the environmental equivalent of the "©" symbol for copyright or the "™" symbol for trademark.

⁹ISO 17021, as may be amended or revised as ISO 17065

8. Accreditation Bodies

- Evaluate certifiers' and standard setters' competence, including program, process, and technical subject matter knowledge, and degree to which these programs and standards address the performance across the complete value chain.
- Are ISO 17011 compliant
- Mutually recognize other accreditation bodies operating to the same set of process and performance criteria.
- Cooperate with a variety of entities, including international accreditation bodies, government recognition/ partnership with non-government initiatives, etc.
- Accredite eco-labeling programs that meet preferred practices outlined in this document.

9. Other Interested Stakeholders

- NGOs actively participate in the standard setting process and communicate their support for best practices
- Media who succinctly and accurately provide information sharing with their constituents.
- Universities, consultants, and other subject matter experts participate actively in the development of the standards
- Universities and academics provide research and academic input to other entities about items such as the extent to which standards, certification systems and communication tools conforms with current research in social and natural sciences; the extent to which standards improve environmental performance, and how communication systems such as ecolabels influence producer or consumer behavior.
- Foundations build capacity in existing standards by funding development of new standards in critical, but non-active environmental, health, or social areas, and by funding information or data infrastructure to increase the uptake of standards and ecolabels.
- Foundations will encourage recipients of their funds, who are involved with ecolabels, to adopt these best practices, and advocate for emerging market certification to facilitate access to new markets.
- All stakeholders to encourage best practice and standardization amongst ecolabeling organizations.
- Information and data providers to provide standardized platforms and data on ecolabels and standards and the products certified.

NOTE: The Organizational Credibility work group recognizes that neither an independent, respected body nor a dispute resolution entity that meets the principles laid out below currently exists. Should either be created, it is recommended that these practices be followed.

10. Dispute Resolution Entity

- Provides a forum for handling disputes between programs or about the veracity of environmental claims.
- Mitigates potential conflicts of interest when standard setters and certifiers attempt to resolve their disputes without the assistance of an authoritative body.
- Provides dispute resolution services regarding environmental claims to all stakeholders.
- Entity is widely recognized, accepted, and has authority and technical capacity to resolve the dispute.
- Clarifies and aligns “rules of the game” so disputes are consistently addressed based on prior decisions and interpretations
- Establishes a Framework, Terms of Reference, and Protocol for:
 - Categories/types of disputes
 - Who may raise a dispute
 - Process for raising a dispute
 - Options for resolution (e.g., mediation, adjudication, etc.)
 - Status of parties over the course of a dispute
 - Possible outcomes and further recourse
 - Notification and reporting, and storage of information
 - Administration and monitoring of the dispute resolution facility
 - Criteria for mediators, adjudicators, and other assisting parties
 - Means of educating stakeholders about the existence and use of the dispute resolution facility
 - Funding the system

11. Independent and Respected or Coordinating Entity (generic term referring to an organization that has broad authority and legitimacy)

- Collects, analyzes, and reports on information about the performance and effectiveness of eco-labeling practices.
- Recognizes and rewards stakeholders that follow preferred ecolabeling practices.
- Works with stakeholders and ecolabeling programs to promote preferred practices.
- Tracks the decisions of the Dispute Resolution Entity and clarifies the ‘rules of the game’.
- Provides a centralized coordinated role in bringing together the practices of all the stakeholders in a single voice to key influencers. Will look at potential for conflict of interest between certifiers, standard setters, and accreditors and issue guidelines as needed.

Next Steps

The GPR plans to pilot test the information included within this table by Members representing different entities within the GPR. In addition to learnings that will evolve from the pilots, the GPR will also seek informal feedback from the public via the GPR website. The group anticipates the final preferred practices document will be available for use by December 2011.